



News Flash

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2012 New Year's Resolutions

"Lose Weight,

**Organize
Drawers,**

Buy LTCI"

**Bell, A. (2012/January).
Lose Weight, Organize
Drawers, Buy LTCI.
LifeHealthPro,
www.lifehealthpro.com**



Letter from the Director



Rebecca
Vaughan

317-232-2187

Welcome to the Indiana Partnership January 2012 newsletter with our new format. Since the last newsletter, several LTC newsworthy events have occurred. In October 2011, Health & Human Services announced the dismantling of the CLASS Office and subsequent halt to the CLASS Act.

In the last Indiana legislative session, 2 bills were passed impacting continuing education. In addition, HEA 1015

removed the percentage spread between first year and renewal LTC commissions. All other LTC commission requirements remain unchanged. A synopsis of these bills is included in the June 2011 newsletter available [now](#).

Long term care rate increase filings continue to be a concern. As a result of health care reform, rate increases on all product lines are undergoing increased scrutiny with calls for more transparency. The

DOI has implemented a consumer tool on its website that provides details on rate increases.

The Partnership Office welcomes any comments or issues regarding long term care you encounter.

Partnership Office Update

New Products

Several new Partnership products have been approved and we are anticipating 2 new companies filing a Partnership product. TransAmerica Life Insurance Company has introduced, TransCare II and Customer Care III has been approved for John Hancock. Both an individual and true group Partnership policy have been approved for Genworth Financial.

Materials Update

The Spousal Impoverishment Protection Law brochure has been updated to include the most current income and asset limits for 2012. Also the "What You Should Know About LTC" booklet was updated in July 2011.

Public Outreach

A series of radio spots promoting the importance of planning ahead for LTC issues and the existence of the Partnership Program will begin in March through Network of Indiana. This

campaign is being provided as a value added service from Network of Indiana/SHIP. The radio network reaches all 92 counties in Indiana using 69 affiliated radio stations across the state. The promotion will run for 6 weeks in the spring.

LTC Guild

Senator Luke Kenley, District #20, spoke at the September LTC Guild meeting. Senator Kenley was one of the initial proponents of Indiana's

Continuing Education**Keep your CE Certificates**

Insurance companies may ask for copies of certificates to verify LTC continuing education compliance. The DOI **does not** keep copies. CE providers are required to post this information on the Sircon database after a course is completed and provide a copy of the CE certificate for a period of 4 years after the class is completed.

CE LTC Requirements

A resident agent is required to complete a basic 8 hour LTC CE course in order to sell long term care insurance. Anytime during each 2 year license period, a minimum of 5 hours of renewal LTC CE is required. The 5 hours requirement can be any combination of 5 hours – it does not have to be a single 5 hour class or limited to just 5 hours of LTC. LTC CE hours can count toward the Indiana license CE requirement.

The 7 hour Indiana Partnership specific class should be taken after the basic 8 hour LTC CE class in order to be credited for Partnership certification. The 7 hour Partnership class satisfies the 5 hours LTC renewal CE requirement. Be aware that the NAIC LTC Partnership course does not qualify for meeting Indiana's 7 hour Partnership CE requirement.

To view your CE transcript, please go to www.sircon.com/indiana or logging onto Producer's Edge available on the DOI's website at www.in.gov/idoi.

Partnership Office Updated (Continued)

Partnership Program. The LTC Guild is a group of varied professionals interested in LTC issues. For more information on the LTC Guild, contact Sarah McGuire at Foresight Insurance Brokerage, 317-469-6021.

Rate Watch

All rate increase requests filed for health, med supp, and LTC policy forms since 5/1/2010 are listed on the DOI website,

www.in.gov/idoi. On the IDOI home page, click on the Rate Watch widget. Information provided includes the amount of increase requested and the DOI's action or status of the filing.

LTC Education Letter

We continue to have a good response to the LTC consumer education letter. The State is hoping to spark an interest in consumers to learn more about LTC and

to plan ahead for the future. Over 1,350,000 letters have been mailed to Hoosiers. To participate in the campaign, contact Senior Direct at 800-723-5254

National News

CLASS Act

On Friday, October 14, 2011, the Secretary of HHS announced that the implementation of the CLASS Act was halted. By law, the program must be self-sustainable with premiums and not tax dollars as well as fiscally sound for the next 75 years. The House Ways and Means Committee recently introduced, H.R. 1173, to repeal the CLASS Act. Alternative solutions to

addressing the need and affordability of LTC continue to be a hot topic in Washington.

2011 Federal Employee LTCI Program

Enrollment statistics reported from the Office of Personnel Management showed a 20% increase in enrollment with 98% of current enrollees keeping their coverage. The 2011 plan included new and enhanced benefits as well

as a 25% increase in premium. The program is underwritten by John Hancock.



General Information

State Tax Deduction

Premiums paid for an Indiana Partnership policy can be taken as a tax deduction on the IN State Tax Form, IT-40.

The deduction is listed under #11 on Schedule 2 using code 608. Instructions are on page 20 of the booklet.

2012 Annual Figures

The 2012 Annual Figures for Medicare premiums, Medicaid asset and income guidelines, and IN Partnership policy requirements have been updated and posted to the IN Partnership website. You may view this page [now](#).

2012 Indiana Partnership LTC Policy Requirements

\$115 Minimum Daily Benefit

\$277,190 minimum initial policy amount for total asset protection.

Spotlight – Comments, Questions, Confusion

1. Application Date and Effective Date for Partnership Policy – Why is this important?

A Partnership application is required to have an offer of using the application date as the coverage effective date. Because the policy limit required for total asset protection increases each year, an application submitted during one calendar year but not approved until the next year could result in only dollar for dollar asset protection.

Example: An application with \$270,000 of policy benefit is dated 11/20/2011 (Application effective date box is not checked) and **approved** January 5, 2012. The policy will earn dollar for dollar asset protection instead of total asset protection that the applicant wanted. Even though the policy qualified for total asset protection in 2011 when the application was submitted, the effective date is 2012 requiring \$277,190 for total asset protection.

2. Identifying a Partnership Policy

Boxed/bold language is required on 3 documents – application, outline of coverage, and the 1st page of the policy. The language will stipulate if the policy does or does not qualify for Medicaid Asset Protection. It refers to the "Indiana Long Term Care Insurance Program" but does not specify "Partnership Program". It is important that the correct forms are used or



coverage could be issued as a traditional policy.

3. Partnership versus Traditional Policy

If a LTC policy has 5% compound inflation and an initial policy amount of at least the state set minimum, those features alone do not qualify the policy as Partnership. The policy must contain the appropriate boxed language (See #2). A distressed couple recently called the Partnership office and stated they had been taking a state tax deduction as advised by their tax advisor because "the policy had all the elements of a Partnership policy." Unfortunately, as a result of an audit by the Dept. of Revenue, they are subject to a substantial tax penalty because the boxed language on their policy stated "does not qualify".

4. Do I have to be LTC certified to sell annuities or life insurance that have a LTC rider?

Yes, LTC certification is required – the basic 8 hour LTC class and 5 hours of LTC CE in each 2 year license period.

5. In determining Medicaid eligibility, how are assets of a couple viewed?

Medicaid looks at the assets of a couple as joint assets regardless of whose name they are in.

6. Are assets under a revocable trust subject to Medicaid spend down?

Yes, because the individual would have access to those assets.

7. Do protected assets have to be identified under the asset protection?

No. A dollar amount is protected under asset protection not particular assets.

Valuable Resource Information



As a LTC insurance professional, you can be an important resource for your clients and their families. Below are helpful websites for long term care information.

Areas on Aging	www.in.gov/fssa/da/3478.htm
Indiana Department of Health	www.in.gov/isdh/23260.htm
Indiana Department of Insurance	www.in.gov/idoi
Indiana LTC Insurance (Partnership) Program	www.longtermcareinsurance.in.gov
Indiana LTC Ombudsman	www.in.gov/fssa/da/3474.htm
State Health Insurance Assistance Program (SHIP)	www.medicare.in.gov